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TREASURY FOR ALIKONIS  
DEPT PLS PASS USTR FOR CKLEIN/PBURKHEAD/EPORTR  
USDOC FOR 4231/ITA/OEENIS/NISD/CLUCYK  
USDA/FAS/OCRA FOR JFLEMINGS/DADAMS  
USDA/FAS/OGA FOR ROMEARA/JLAGOS  
USDA/FAS/PECAD FOR MLINDEMAN

E.O. 12958: N/A  
TAGS: [ETRD](#) [EAGR](#) [WTRO](#) [UP](#)  
SUBJECT: WHOOPS: UKRAINIAN GOVT REVERSES LIFTING OF GRAIN  
EXPORT RESTRICTIONS

REF: KYIV 807

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[1](#)1. (SBU) Summary: In contradiction to a public announcement by Prime Minister Tymoshenko on April 23, a government decree released on April 25 failed to eliminate grain export restrictions, only relaxing the quotas instead. The flip-flop was a complete surprise and followed an outpouring of international support for lifting the restrictions. Post will try to seek clarification and continue to press the GOU to end the quota regime. End Summary.

[1](#)2. (U) Despite Prime Minister Yuliya Tymoshenko's April 23 announcement that her government had decided to lift the country's grain export restrictions (reftel), the official Cabinet of Ministers decree, dated April 23 but released to the public only on April 25, called for a relaxing of the grain quotas, not their outright abolishment. Cabinet of Ministers Resolution #418 increased the quota on wheat from 200,000 tons to 1.2 million tons and the quota on barley from 400,000 tons to 900,000 tons, both effective immediately. The quota on rye remained at 3,000 tons. The quotas are scheduled to remain in place until July 1, but could be extended further.

[1](#)3. (U) Publication of the government decree followed an outpouring of international support for Tymoshenko's announcement that restrictions would be eliminated entirely. World Bank President Robert Zoellick phoned Tymoshenko and President Viktor Yushchenko on April 24 to thank Ukraine for removing the export restrictions, calling the move "an important contribution to addressing the global food crisis," according to a World Bank press release. Even after publication of the decree, the Ukrainian government website proudly featured a news story on the Zoellick call to Tymoshenko. In addition, media reports indicated that world wheat prices had fallen to a six-month low on April 24, in part due to Tymoshenko's announcement and the promise of more Ukrainian grain to reach world markets.

Comment: Major Gaffe by GOU  
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[1](#)4. (SBU) This turn of events is an extremely embarrassing

blunder by the GOU. That the Prime Minister would err in announcing a government decree that she had supposedly already signed leaves one only to wonder if the government was deceitful, had a change of heart, or was just inept. The relaxation of the grain quotas is still a positive trend, but the GOU has likely destroyed any goodwill that could have been generated by the move. In the meantime, Post will seek clarification on what happened and continue to press the GOU to lift grain export restrictions entirely, an important WTO commitment. If it takes no action to clarify the gaffe and the April 23 decree remains, Ukraine will be in violation of its WTO commitments as soon as it becomes a full member on May 16. End comment.

TAYLOR